

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

May 10, 2012

RECEIVED

MAY 14 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: Farmdale Water District - KRS 278.023 Application

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Farmdale Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

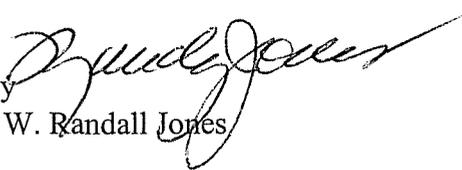
Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, **with the exception of the Preliminary and Final Engineering Reports, of which two copies are enclosed.**

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By


W. Randall Jones

WRJ:ilm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Re: Farmdale Water District Waterworks Revenue Bonds, Series 2013, in the principal amount of \$1,858,000, consisting of \$1,668,000 of Series A Bonds and \$190,000 of Series B Bonds.

Mr. Thomas G. Fern
State Director
USDA, Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336
Fax: (859) 224-7340

Ms. Phyllis Stratton
USDA, Rural Development
90 Howard Drive, Suite 3
Shelbyville, Kentucky 40065

Telephone: (502) 633-3294
Fax: (502) 633-0552

Mr. Clifford Toles, Chairman
Ms. Jan Sanders
Farmdale Water District
100 Highwood Drive
Frankfort, Kentucky 40601

Telephone: (502) 223-3562

Jeff Reynolds, P.E.
HMB Engineers, Inc.
3 HMB Circle, US 460
Frankfort, Kentucky 40601-5376

Telephone: (502) 695-9800

Jim Boyd, Esq.
Attorney at Law
227 West Main Street, Suite 2
Frankfort, Kentucky 40601

Telephone: (502) 352-2819
Fax: (502) 352-2519

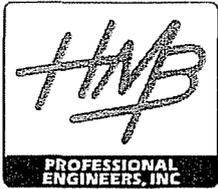
W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Telephone: (502) 569-7534
Fax: (502) 569-7555

RECEIVED

MAY 14 2012

PUBLIC SERVICE
COMMISSION



3 HMB Circle
US 460
Frankfort, KY 40601
Office: (502) 695-9800
Fax: (502) 695-9810

April 30, 2012

John Johnson
Rural Development
90 Howard Drive, Suite 3
Shelbyville, KY 40065

RE: Revised Final Engineering Report
Water System Improvements
Farmdale Water District
HMB #4114.01

Dear Mr. Johnson:

As you are aware, the above referenced project was bid on April 5, 2012. While reviewing the bids, it appeared that the low bidder for Contract IV (AMR System) included items in his bid that did not meet the specifications. Therefore, we requested all bidders of Contract IV to submit shop drawing information on the items that were included in their respective bid. After reviewing the information from all bidders, it was determined that the low bidder did not meet the specifications and the only bidder that did meet the specifications was C.I. Thornburg, Inc. Therefore, C.I. Thornburg, Inc. was considered the lowest, responsive, responsible bidder of Contract IV.

The lowest, responsive, responsible bidders along with their bids are shown below:

<u>Contract</u>	<u>Contractor</u>	<u>Bid Amount</u>
I – Water Line & Pump Station	B.P. Pipeline, Inc.	\$1,076,494.00
II – 500,000 Gal. Elev. Tank	Caldwell Tanks	\$941,000.00
III – SCADA System	HTI	\$84,490.00
IV – AMR System	C.I. Thornburg	<u>\$1,056,685.26</u>
TOTAL AS-BID DEVELOPMENT COST		\$3,158,669.26

Since the Total As-Bid Development Cost exceeded the financing, the District decided to eliminate several items and negotiate with the low bidders on other items. Therefore, a deducting change order will be executed immediately after the award of the contracts. The following is a Revised Development Cost after the execution of the change orders:

<u>Contract</u>	<u>Contractor</u>	<u>Revised Amount</u>
I – Water Line & Pump Station	B.P. Pipeline, Inc.	\$1,008,994.00
II – 500,000 Gal. Elev. Tank	Caldwell Tanks	\$941,000.00
III – SCADA System	HTI	\$84,490.00
IV – AMR System	C.I. Thornburg	<u>\$952,520.97</u>
TOTAL REVISED DEVELOPMENT COST		\$2,987,004.97

Highway Engineering
Structural Engineering
Water & Wastewater
Site Development
Right-of-Way
Master Planning
Environmental Planning
Surveying
Project Management
Cost Estimation
Construction Inspection
Aviation Services
Environmental Remediation
Landscape Architecture



3 HMB Circle
 US 460
 Frankfort, KY 40601
 Office: (502) 695-9800
 Fax: (502) 695-9810

The following is a summary of the financing and budget for this project:

<u>Project Budget</u>	<u>Letter of Conditions</u>	<u>Revised Amount</u>
Development	\$2,746,058	\$2,987,004.97
Land and Rights	\$10,000	\$5,000.00
Legal and Admin.	\$25,000	\$25,000.00
Engineering	\$330,000	\$350,395.00
Interest	\$23,000	\$23,000.00
Contingencies	<u>\$245,942</u>	<u>\$179,600.03</u>
REVISED PROJECT COST	\$3,380,000	\$3,570,000.00

Unfortunately, the revised project cost exceeded the funding as outlined in the Letter of Conditions. Therefore, the District is requesting additional funding in the form of a Rural Development Loan as shown below:

Financing:

<u>Funding Source</u>	<u>Recommended Financing</u>
RUS Loan	\$1,668,000
KIA Grant	\$1,212,000
Applicant Contribution	\$500,000
Additional RUS Loan	<u>\$190,000</u>
TOTAL PROJECT FUNDING	\$3,570,000

Based on the additional RUS Loan of \$190,000 at 3.375%, the following is a summary of the proposed Rates and Charges:

Highway Engineering

Structural Engineering

Water & Wastewater

Site Development

Right-of-Way

Master Planning

Environmental Planning

Surveying

Project Management

Cost Estimation

Construction Inspection

Aviation Services

Environmental Remediation

Landscape Architecture

Residential and Commercial Consumers:

	<u>Letter of Conditions</u>	<u>Revised Rates</u>
<u>5/8" Meter</u>		
First 2,000 gallons	\$12.50 – Min. Bill	\$12.82 – Min. Bill
Next 3,000 gallons	\$3.35 – per 1,000 gal.	\$3.35 – per 1,000 gal.
Next 5,000 gallons	\$2.85 – per 1,000 gal.	\$2.85 – per 1,000 gal.
Over 10,000 gallons	\$2.65 – per 1,000 gal.	\$2.65 – per 1,000 gal.
<u>1" Meter</u>		
First 7,000 gallons	\$28.25 – Min. Bill	\$28.57 – Min. Bill
Next 3,000 gallons	\$2.85 – per 1,000 gal.	\$2.85 – per 1,000 gal.
Next 140,000 gallons	\$2.65 – per 1,000 gal.	\$2.65 – per 1,000 gal.
Over 150,000 gallons	\$2.40 – per 1,000 gal.	\$2.40 – per 1,000 gal.
<u>Commercial Consumers (Stewart Home)</u>		
First 7,000 gallons	\$28.25 – Min. Bill	\$28.57 – Min. Bill
Next 3,000 gallons	\$2.85 – per 1,000 gal.	\$2.85 – per 1,000 gal.
Next 140,000 gallons	\$2.65 – per 1,000 gal.	\$2.65 – per 1,000 gal.
Over 150,000 gallons	\$2.40 – per 1,000 gal.	\$2.40 – per 1,000 gal.



3 HMB Circle
 US 460
 Frankfort, KY 40601
 Office: (502) 695-9800
 Fax: (502) 695-9810

Industrial Consumers/Trailer Parks

First	7,000 gallons	\$28.25 – Min. Bill	\$28.57 – Min. Bill
Next	3,000 gallons	\$2.85 – per 1,000 gal.	\$2.85 – per 1,000 gal.
Next	140,000 gallons	\$2.65 – per 1,000 gal.	\$2.65 – per 1,000 gal.
Over	150,000 gallons	\$2.40 – per 1,000 gal.	\$2.40 – per 1,000 gal.

We recommend that a Revised Letter of Conditions be issued based on the Recommended Financing and Revised Rates as shown above.

Attached please find a copy of the Bid Tabulation for the project.

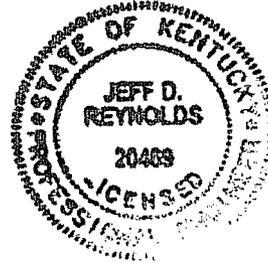
If you have any questions or need additional information, please call.

Sincerely,

HMB Professional Engineers, Inc.

Jeff Reynolds, P.E.

cc: Farmdale Water District
 Phyllis Stratton, RD
 Jim Boyd, Attorney
 Randy Jones, Rubin & Hays
 Chris Stewart, HMB



- Highway Engineering
- Structural Engineering
- Water & Wastewater
- Site Development
- Right-of-Way
- Master Planning
- Environmental Planning
- Surveying
- Project Management
- Cost Estimation
- Construction Inspection
- Aviation Services
- Environmental Remediation
- Landscape Architecture



Bid Tabulation
Farmdale Water District
Contract I - Water Line Upgrade and Pump Station
Bid Date: April 5, 2012 @ 11:00 AM local time

Project: 4114.01
 Date: 4/5/2012
 Engineer: JR
 Page:

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	B.P. Pipeline, Inc.		Emmitt Caskey, Inc.		Gary W. Clifford, Inc.		Hubert Exavating & Contracting		Twin States Utilities	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	12" PVC, Class 250 Pipe, SDR-17, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	9,750	LF	\$21.00	\$204,750.00	\$22.10	\$215,475.00	\$27.47	\$267,832.50	\$27.00	\$263,250.00	\$28.00	\$273,000.00
2	12" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	9,750	LF	\$19.00	\$185,250.00	\$19.10	\$186,225.00	\$23.62	\$232,245.00	\$28.00	\$273,000.00	\$25.00	\$243,750.00
3	12" D.I., Class 350 Pipe, Including Viton Gaskets, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	450	LF	\$48.00	\$21,600.00	\$53.25	\$23,962.50	\$41.40	\$18,630.00	\$50.00	\$22,500.00	\$45.00	\$20,250.00
4	6" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	370	LF	\$11.00	\$4,070.00	\$14.13	\$5,228.10	\$12.00	\$4,440.00	\$16.00	\$5,920.00	\$15.00	\$5,550.00
5	4" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	20	LF	\$7.55	\$151.00	\$7.45	\$149.00	\$11.00	\$220.00	\$22.00	\$440.00	\$14.00	\$280.00
6	3" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	30	LF	\$6.60	\$198.00	\$5.99	\$208.70	\$10.00	\$300.00	\$11.00	\$330.00	\$13.00	\$390.00
7	2" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	75	LF	\$5.60	\$420.00	\$5.75	\$506.25	\$9.00	\$675.00	\$10.00	\$750.00	\$13.00	\$975.00
8	18" Steel Casing by Bore & Jac under State, County and City Roads (Water Line Not Included)	355	LF	\$125.00	\$44,375.00	\$160.00	\$56,800.00	\$180.00	\$63,900.00	\$240.00	\$85,200.00	\$150.00	\$53,250.00
9	10" Steel Casing by Bore & Jac under State, County and City Roads (Water Line Not Included)	160	LF	\$120.00	\$19,200.00	\$100.00	\$16,000.00	\$140.00	\$22,400.00	\$110.00	\$17,600.00	\$90.00	\$14,400.00
10	4" Steel Casing by Bore & Jac under State, County and City Roads (Water Line Not Included)	40	LF	\$60.00	\$2,400.00	\$50.00	\$2,000.00	\$100.00	\$4,000.00	\$40.00	\$1,600.00	\$50.00	\$2,000.00
11	12" Unclassified Bore and/or Jack under improved surfaces, including driveways, no casing required (Water Pipe Not Included)	570	LF	\$25.00	\$14,250.00	\$30.00	\$34,200.00	\$40.00	\$22,800.00	\$55.00	\$31,050.00	\$45.00	\$25,650.00
12	2" Unclassified Bore and/or Jack under improved surfaces, including driveways, no casing required (Water Pipe Not Included)	25	LF	\$10.00	\$250.00	\$20.00	\$500.00	\$40.00	\$1,000.00	\$10.00	\$250.00	\$30.00	\$750.00
13	8" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	12	EA	\$1,800.00	\$21,600.00	\$1,875.00	\$22,500.00	\$2,000.00	\$24,000.00	\$2,000.00	\$24,000.00	\$1,820.00	\$21,840.00
14	8" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	2	EA	\$1,100.00	\$2,200.00	\$1,045.00	\$2,090.00	\$1,200.00	\$2,400.00	\$1,200.00	\$2,400.00	\$1,100.00	\$2,200.00
15	6" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	5	EA	\$650.00	\$3,250.00	\$845.00	\$4,225.00	\$750.00	\$3,750.00	\$900.00	\$4,500.00	\$800.00	\$4,000.00
16	4" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	2	EA	\$480.00	\$960.00	\$645.00	\$1,290.00	\$600.00	\$1,200.00	\$700.00	\$1,400.00	\$700.00	\$1,400.00
17	3" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	4	EA	\$450.00	\$1,800.00	\$545.00	\$2,180.00	\$550.00	\$2,200.00	\$650.00	\$2,600.00	\$625.00	\$2,500.00
18	2" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	2	EA	\$420.00	\$840.00	\$445.00	\$890.00	\$400.00	\$800.00	\$550.00	\$1,100.00	\$500.00	\$1,000.00



Bid Tabulation
Farmdale Water District
Contract I - Water Line Upgrade and Pump Station
Bid Date: April 5, 2012 @ 11:00 AM local time

Project: 4114.01
 Date: 4/5/2012
 Engineer: JIR
 Page:

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	B.P. Pipeline, Inc.		Emmitt Caskey, Inc.		Gary W. Clifford, Inc.		Hubert Excavating & Contracting		Twin States Utilities	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
19	Install 6" Gate Valve in Existing Water Line, including Valve Box, Concrete Pad, Complete in Place	1	EA	\$990.00	\$990.00	\$1,845.00	\$1,845.00	\$2,000.00	\$2,000.00	\$2,700.00	\$2,700.00	\$1,200.00	\$1,200.00
20	Existing Service Connection to Proposed Water Line, Opposite Side of Road as Main, 70' of Service Tubing (Max)	78	EA	\$350.00	\$27,300.00	\$545.00	\$42,510.00	\$720.00	\$56,160.00	\$700.00	\$54,600.00	\$750.00	\$58,500.00
21	Existing Service Connection to Proposed Water Line, Same Side of Road as Main, 110' of Service Tubing (Max)	80	EA	\$325.00	\$16,250.00	\$445.00	\$22,250.00	\$300.00	\$15,000.00	\$590.00	\$29,500.00	\$620.00	\$31,000.00
22	Additional 3/4" Service Tubing, Furnishing, Laying, Trenching and Backfilling, Where Required in Addition to Maximum Lengths.	1,000	LF	\$6.00	\$6,000.00	\$6.45	\$6,450.00	\$3.00	\$3,000.00	\$5.00	\$5,000.00	\$8.00	\$8,000.00
23	Fire Hydrant Assembly including Tee, Valve, Valve Box, Mechanical Joint Anchoring, Pipe and Fittings. Complete in Place	11	EA	\$3,900.00	\$42,900.00	\$2,925.00	\$32,175.00	\$3,600.00	\$39,600.00	\$3,200.00	\$35,200.00	\$3,600.00	\$33,000.00
24	Install Fire Hydrant Assembly in Existing 6" Water Line, including Tee, Valve, Valve Box, Mechanical Joint Anchoring, Pipe and Fittings. Complete in Place	1	EA	\$3,950.00	\$3,950.00	\$3,895.00	\$3,895.00	\$4,000.00	\$4,000.00	\$7,000.00	\$7,000.00	\$4,000.00	\$4,000.00
25	12" Type "B" Creek Crossing including Fittings, Concrete Casing, Casing Pipe, Complete in Place as shown on the detail	125	LF	\$50.00	\$6,250.00	\$65.00	\$8,125.00	\$60.00	\$7,500.00	\$110.00	\$13,750.00	\$125.00	\$15,625.00
26	#57 Crushed Stone on Trench Surface at Driveways, Roadway Crossings and Streets, Full Depth of Ditch	700	LF	\$10.00	\$7,000.00	\$7.00	\$4,900.00	\$6.40	\$4,480.00	\$20.00	\$14,000.00	\$15.00	\$10,500.00
27	Bituminous Paving Replacement on State Maintained Roads, County Roads and Driveways, including gravel backfill	700	LF	\$30.00	\$21,000.00	\$20.00	\$14,000.00	\$26.40	\$18,480.00	\$20.00	\$14,000.00	\$25.00	\$17,500.00
28	Concrete Paving Replacement, 6" Thick, including gravel backfill	100	LF	\$45.00	\$4,500.00	\$20.00	\$2,000.00	\$36.40	\$3,640.00	\$20.00	\$2,000.00	\$25.00	\$2,500.00
29	Flowable Fill Concrete, including sand and flowable backfill as shown on detail sheet and described in specs. (Blt Replacement not included)	300	LF	\$45.00	\$13,500.00	\$40.00	\$12,000.00	\$23.00	\$6,900.00	\$27.00	\$8,100.00	\$40.00	\$12,000.00
30	Video/pipe Entire Work Area Prior to Start of Construction	1	LS	\$2,000.00	\$2,000.00	\$2,500.00	\$2,500.00	\$5,000.00	\$5,000.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
31	Existing Hydrant Removal, including Isolation Valve	10	EA	\$500.00	\$5,000.00	\$450.00	\$4,500.00	\$200.00	\$2,000.00	\$500.00	\$5,000.00	\$500.00	\$5,000.00



Project: 4114.01
 Date: 4/5/2012
 Engineer: JR
 Page:

Bid Tabulation
 Farmdale Water District
 Contract I - Water Line Upgrade and Pump Station
 Bid Date: April 5, 2012 @ 11:00 AM local time

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	B.P. Pipeline, Inc.		Emmitt Caskey, Inc.		Gary W. Clifford, Inc.		Hubert Exavating & Contracting		Twin States Utilities	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
32	Existing Gate Valve Box Removal	20	EA	\$150.00	\$3,000.00	\$100.00	\$2,000.00	\$100.00	\$2,000.00	\$50.00	\$1,000.00	\$100.00	\$2,000.00
33	Furnish and Install 8" x 8" Tapping Tee and Valve	1	EA	\$2,200.00	\$2,200.00	\$2,645.00	\$2,645.00	\$3,500.00	\$3,500.00	\$2,800.00	\$2,800.00	\$2,750.00	\$2,750.00
34	Furnish and Install 6" x 6" Tapping Tee and Valve	3	EA	\$1,800.00	\$5,700.00	\$5,535.00	\$5,535.00	\$3,000.00	\$9,000.00	\$2,300.00	\$6,900.00	\$2,300.00	\$6,900.00
35	Furnish and Install 6" x 3" Tapping Tee and Valve	1	EA	\$1,200.00	\$1,200.00	\$1,445.00	\$1,445.00	\$2,000.00	\$2,000.00	\$1,900.00	\$1,900.00	\$2,200.00	\$2,200.00
36	Automatic Air Release Valve Assembly and Box, Complete in Place	5	EA	\$880.00	\$4,400.00	\$1,275.00	\$6,375.00	\$1,500.00	\$7,500.00	\$1,000.00	\$5,000.00	\$1,200.00	\$6,000.00
37	Control Valve Vault, including but limited to meter, valves, fitting, power pole, electric to site, vault as shown on plans, (Complete in Place)	1	L.S.	\$30,000.00	\$30,000.00	\$11,400.00	\$11,400.00	\$26,000.00	\$26,000.00	\$32,000.00	\$32,000.00	\$32,000.00	\$32,000.00
38	Booster Pump Station, including but not limited to furnishing and installing pumps, piping, valves, controls, building, concrete, site work, drive, power pole, electric to site, etc. (Complete in Place)	1	L.S.	\$245,000.00	\$245,000.00	\$284,500.00	\$284,500.00	\$235,000.00	\$235,000.00	\$230,000.00	\$230,000.00	\$320,000.00	\$320,000.00
39	Normal Gas-Powered Engine Generator, including but not limited to furnishing and installing generator, concrete Pad, automated transfer switch, etc. (Complete in Place)	1	L.S.	\$60,000.00	\$60,000.00	\$7,500.00	\$7,500.00	\$75,000.00	\$75,000.00	\$76,770.00	\$76,770.00	\$65,000.00	\$65,000.00
40	Cleanup and Restoration	20,445	L.F.	\$2.00	\$40,890.00	\$2.00	\$40,890.00	\$2.00	\$40,890.00	\$2.00	\$40,890.00	\$2.00	\$40,890.00
Bid Totals					\$1,076,484.00		\$1,094,267.55		\$1,241,242.50		\$1,333,500.00		\$1,371,650.00



Bid Tabulation
Farmdale Water District
Contract I - Water Line Upgrade and Pump Station
Bid Date: April 5, 2012 @ 11:00 AM local time

Project: 4114.01
 Date: 4/5/2012
 Engineer: JR
 Page:

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Garrison Construction		Kenney, Inc.		Cleary Construction		Basham Construction		TOTAL
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	
1	12" PVC, Class 250 Pipe, SDR-17, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	6,750	LF	\$32.10	\$312,875.00	\$31.25	\$304,687.50	\$38.00	\$370,500.00	\$38.00	\$370,500.00	\$0.00
2	12" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	9,750	LF	\$29.85	\$291,037.50	\$27.80	\$271,050.00	\$35.00	\$341,250.00	\$35.00	\$341,250.00	\$0.00
3	12" D.I., Class 350 Pipe, Including Vion Gaskets, furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	450	LF	\$48.50	\$21,825.00	\$48.00	\$21,870.00	\$50.00	\$26,100.00	\$120.00	\$54,000.00	\$0.00
4	6" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	370	LF	\$21.90	\$8,103.00	\$15.10	\$5,587.00	\$31.00	\$11,470.00	\$52.00	\$19,240.00	\$0.00
5	4" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	20	LF	\$36.50	\$730.00	\$11.00	\$220.00	\$29.00	\$580.00	\$75.00	\$1,500.00	\$0.00
6	3" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	30	LF	\$33.50	\$1,005.00	\$10.60	\$318.00	\$27.00	\$810.00	\$75.00	\$2,250.00	\$0.00
7	2" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	75	LF	\$175.00	\$13,125.00	\$9.70	\$727.50	\$20.00	\$1,500.00	\$75.00	\$5,625.00	\$0.00
8	18" Steel Casing by Bore & Jac under State, County and City Roads (Water Line Not Included)	355	LF	\$175.00	\$62,125.00	\$175.00	\$62,125.00	\$200.00	\$71,000.00	\$225.00	\$79,875.00	\$0.00
9	10" Steel Casing by Bore & Jac under State, County and City Roads (Water Line Not Included)	160	LF	\$103.00	\$16,480.00	\$110.00	\$17,600.00	\$100.00	\$16,000.00	\$120.00	\$19,200.00	\$0.00
10	4" Steel Casing by Bore & Jac under State, County and City Roads (Water Line Not Included)	40	LF	\$112.00	\$4,480.00	\$85.00	\$3,400.00	\$60.00	\$2,400.00	\$60.00	\$3,200.00	\$0.00
11	12" Unclassified Bore and/or Jack under improved surfaces, including driveways, no casing required (Water Pipe Not Included)	570	LF	\$60.00	\$34,200.00	\$65.00	\$37,050.00	\$50.00	\$28,500.00	\$65.00	\$37,050.00	\$0.00
12	2" Unclassified Bore and/or Jack under improved surfaces, including driveways, no casing required (Water Pipe Not Included)	25	LF	\$45.00	\$1,125.00	\$27.00	\$675.00	\$25.00	\$625.00	\$50.00	\$1,250.00	\$0.00
13	12" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	12	EA	\$2,425.00	\$29,100.00	\$2,065.00	\$24,780.00	\$1,970.00	\$23,640.00	\$1,700.00	\$20,400.00	\$0.00
14	8" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	2	EA	\$1,075.00	\$2,150.00	\$1,210.00	\$2,420.00	\$1,190.00	\$2,380.00	\$915.00	\$1,830.00	\$0.00
15	6" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	5	EA	\$725.00	\$3,625.00	\$660.00	\$4,300.00	\$660.00	\$4,300.00	\$735.00	\$3,675.00	\$0.00
16	4" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	2	EA	\$575.00	\$1,150.00	\$570.00	\$1,340.00	\$730.00	\$1,460.00	\$550.00	\$1,300.00	\$0.00
17	3" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	4	EA	\$500.00	\$2,000.00	\$580.00	\$2,360.00	\$560.00	\$2,640.00	\$535.00	\$2,140.00	\$0.00
18	2" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	2	EA	\$420.00	\$840.00	\$460.00	\$920.00	\$520.00	\$1,040.00	\$450.00	\$900.00	\$0.00



Bid Tabulation
Farmdale Water District
Contract I - Water Line Upgrade and Pump Station
Bid Date: April 5, 2012 @ 11:00 AM local time

Project: 4114.01
 Date: 4/5/2012
 Engineer: JR
 Page:

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Garrison Construction		Kenney, Inc.		Cleary Construction		Basham Construction		TOTAL
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	
19	Install 6" Gate Valve in Existing Water Line, including Valve Box, Concrete Pad, Complete in Place	1	E/A	\$2,220.00	\$2,220.00	\$1,800.00	\$1,800.00	\$1,620.00	\$1,620.00	\$2,400.00	\$2,400.00	\$0.00
20	Existing Service Connection to Proposed Water Line, Opposite Side of Road as Main, 70' of Service Tubing (Mar.)	78	EA	\$1,800.00	\$140,400.00	\$1,225.00	\$95,550.00	\$780.00	\$60,840.00	\$900.00	\$70,200.00	\$0.00
21	Existing Service Connection to Proposed Water Line, Same Side of Road as Main, 10' of Service Tubing (Mar.)	50	EA	\$565.00	\$28,250.00	\$950.00	\$47,500.00	\$470.00	\$23,500.00	\$700.00	\$35,000.00	\$0.00
22	Additional 3/4" Service Tubing, Furnishing, Laying, Trenching and Backfilling. Where Required in Addition to Maximum Lengths	1,000	L/F	\$12.40	\$12,400.00	\$4.60	\$4,600.00	\$9.00	\$9,000.00	\$10.00	\$10,000.00	\$0.00
23	Fire Hydrant Assembly including Tee, Valve, Valve Box, Mechanical Joint Anchoring, Pipe and Fittings. Complete in Place	11	EA	\$3,360.00	\$36,960.00	\$3,380.00	\$37,180.00	\$3,200.00	\$35,200.00	\$3,375.00	\$37,125.00	\$0.00
24	Install Fire Hydrant Assembly in Existing 6" Water Line, including Tee, Valve, Valve Box, Mechanical Joint Anchoring, Pipe and Fittings. Complete in Place	1	EA	\$4,200.00	\$4,200.00	\$4,195.00	\$4,195.00	\$5,425.00	\$5,425.00	\$4,200.00	\$4,200.00	\$0.00
25	12" Type "B" Creek Crossing including Fittings, Concrete Casing, Casing Pipe, Complete in Place as shown on the detail	125	L/F	\$82.00	\$10,250.00	\$100.00	\$12,500.00	\$110.00	\$13,750.00	\$85.00	\$10,625.00	\$0.00
26	#57 Crushed Stone on French Surface at Driveways, Roadway Crossings and Streets, Full Depth of Ditch	700	L/F	\$11.00	\$7,700.00	\$9.30	\$6,510.00	\$11.00	\$7,700.00	\$15.00	\$10,500.00	\$0.00
27	Bituminous Paving Replacement on State Maintained Roads, County Roads and Driveways - including gravel backfill	700	L/F	\$15.00	\$10,500.00	\$33.90	\$23,730.00	\$25.00	\$17,500.00	\$18.00	\$12,600.00	\$0.00
28	Concrete Paving Replacement, 6" Thick, including gravel backfill	100	L/F	\$20.00	\$2,000.00	\$36.50	\$3,650.00	\$40.00	\$4,000.00	\$30.00	\$3,000.00	\$0.00
29	Flowable Fill Concrete, including sand and flowable backfill as shown on detail sheet and described in specs. (Bit Replacement not included)	300	L/F	\$21.00	\$6,300.00	\$40.40	\$12,120.00	\$35.00	\$10,500.00	\$50.00	\$15,000.00	\$0.00
30	Underlape Entire Work Area Prior to Start of Construction	1	L/S	\$2,500.00	\$2,500.00	\$1,350.00	\$1,350.00	\$5,000.00	\$5,000.00	\$3,500.00	\$3,500.00	\$0.00
31	Existing Hydrant Removal, including Isolation Valve	10	EA	\$1,000.00	\$10,000.00	\$830.00	\$8,300.00	\$500.00	\$5,000.00	\$300.00	\$3,000.00	\$0.00



Project: 4114.01
 Date: 4/5/2012
 Engineer: JR
 Page:

Bid Tabulation
Farmdale Water District
Contract I - Water Line Upgrade and Pump Station
Bid Date: April 5, 2012 @ 11:00 AM local time

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Garrison Construction		Kenney, Inc.		Cleary Construction		Basham Construction		TOTAL
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	
32	Existing Gate Valve Box Removal	20	E/A	\$400.00	\$8,000.00	\$160.00	\$3,200.00	\$50.00	\$1,000.00	\$200.00	\$4,000.00	\$0.00
33	Furnish and Install 8"x8" Tapping Tee and Valve	1	E/A	\$2,700.00	\$2,700.00	\$2,190.00	\$2,190.00	\$2,760.00	\$2,760.00	\$3,000.00	\$3,000.00	\$0.00
34	Furnish and Install 6"x6" Tapping Tee and Valve	3	E/A	\$2,075.00	\$6,225.00	\$2,340.00	\$7,020.00	\$2,230.00	\$6,690.00	\$2,000.00	\$6,000.00	\$0.00
35	Furnish and Install 6"x3" Tapping Tee and Valve	1	E/A	\$1,200.00	\$1,200.00	\$2,050.00	\$2,050.00	\$1,750.00	\$1,750.00	\$2,000.00	\$2,000.00	\$0.00
36	Automatic Air Release Valve Assembly and Box, Complete in Place	5	E/A	\$1,100.00	\$5,500.00	\$1,100.00	\$5,500.00	\$1,500.00	\$7,500.00	\$1,750.00	\$8,750.00	\$0.00
37	Control Valve Vault, including but limited to meter, valves, fitting, power pole, electric to site, vault as shown on plans, (Complete in Place)	1	L/S	\$27,000.00	\$27,000.00	\$20,150.00	\$20,150.00	\$34,000.00	\$34,000.00	\$38,330.00	\$38,330.00	\$0.00
38	Booster Pump Station, including but not limited to furnishing and installing pumps, piping, valves, controls, building, concrete, site work, drive, power pole, electric to site, etc. (Complete in Place)	1	L/S	\$237,760.00	\$237,760.00	\$329,000.00	\$329,000.00	\$290,000.00	\$290,000.00	\$273,300.00	\$273,300.00	\$0.00
39	Natural Gas-Powered Engine Generator, including but not limited to furnishing and installing generator, cumc. Pad, automated transfer switch, etc. (Complete in Place)	1	L/S	\$63,538.00	\$63,538.00	\$77,250.00	\$77,250.00	\$99,000.00	\$99,000.00	\$80,495.00	\$80,495.00	\$0.00
40	Cleanup and Restoration	20,445	L/F	\$2.00	\$40,890.00	\$2.00	\$40,890.00	\$2.00	\$40,890.00	\$2.00	\$40,890.00	\$0.00
Bid Totals					\$1,481,976.00		\$1,482,655.00		\$1,589,270.00		\$1,640,000.00	\$0.00

Indicates Error in Bid Calculations

This is to state that the above is an accurate tabulation of bids received on April 5, 2012 by Farmdale Water District for Contract I - Water Line Upgrade & Pump Station.

Signed
 Jeff Reynolds
 Kentucky PE No. 20469





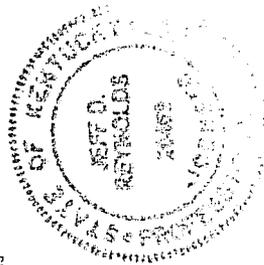
Project: 4114.01
 Date: 4/5/2012
 Engineer: JR
 Page:

Bid Tabulation
 Farmdale Water District
 Contract II - 500,000 Gallon Elevated Tank
 Bid Date: April 5, 2012 @ 11:00 AM local time

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Caldwell Tanks		Phoenix Fabricators		TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL					
1	500,000 gallon elevated water storage tank including tank, tank foundation, valve vault, pipe, site preparation, excavation, fence, access road and all appurtenances as shown on the plans and specifications, complete in place.	1	L.S.	\$931,000.00	\$931,000.00	\$954,340.00	\$954,340.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2	Demolition and Disposal of Existing 155,000 Gallon Stumpipe, as described in the specification, complete.	1	L.S.	\$10,000.00	\$10,000.00	\$15,600.00	\$15,600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bid Totals					\$941,000.00		\$969,940.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

This is to state that the above is an accurate tabulation of bids received on April 5, 2012 by Farmdale Water District for Contract II - 500,000 Gallon Elevated Tank

Signed: Jeff Reynolds
 Kentucky PE No. 20469





Project: 4114.01
 Date: 4/5/2012
 Engineer: JR
 Page:

Bid Tabulation
 Farmdale Water District
 Contract III - SCADA System
 Bid Date: April 5, 2012 @ 11:00 AM local time

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	HTI, Inc.		C.I. Thornburg Co.		TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL					
1	Furnish, install and place into operation a complete Supervisory Control and Data Acquisition (SCADA) System as specified in the Specifications, complete in place	1	L.S.	\$84,490.00	\$84,490.00	\$99,750.00	\$99,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bid Totals					\$84,490.00		\$99,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

This is to state that the above is an accurate tabulation of bids received on April 5, 2012 by Farmdale Water District for Contract III - SCADA System.

Signed: 
 Jeff Reynolds
 Kentucky PE No. 20468



Project: 4114.01
 Date: 4/5/2012
 Engineer: JR
 Page:

Bid Tabulation
Farmdale Water District
Contract IV - Automated Meter Reading System
Bid Date: April 5, 2012 @ 11:00 AM local time

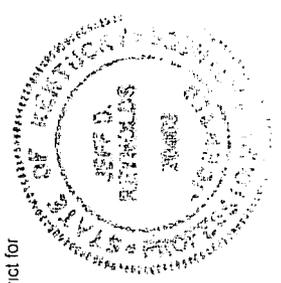


ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Ferguson Enterprises		United Systems		National Metering Service		C.I. Thornburg Co.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	Furnish AMR Meter	2,700	EA	\$69.00	\$186,300.00	\$73.00	\$197,100.00	\$88.55	\$239,085.00	\$115.54	\$311,958.00
2	Furnish Single Port Transceiver Unit	2,130	EA	\$86.00	\$183,180.00	\$67.00	\$142,710.00	\$88.55	\$188,611.50	\$111.30	\$237,069.00
3	Furnish Dual Port Transceiver Unit	285	EA	\$172.00	\$49,020.00	\$0.00	\$0.00	\$177.10	\$50,473.50	\$124.02	\$35,345.70
4	Furnish Crab Style Resetter & 3/4" Pressure Regulator	908	EA	\$140.25	\$127,347.00	\$274.00	\$248,792.00	\$211.44	\$191,987.52	\$179.82	\$163,276.56
5	Furnish 1" Pressure Regulator, 1" Curb Stop, Meter Box and Lid	208	EA	\$200.38	\$41,679.04	\$295.07	\$61,374.56	\$160.56	\$33,396.48	\$189.53	\$39,422.24
6	Furnish 2" Pressure Regulator, 2" Curb Stop, Meter Box and Lid	1	EA	\$565.48	\$1,696.44	\$1,266.36	\$3,799.08	\$614.68	\$1,844.04	\$661.24	\$1,963.72
7	Automated Meter Reading System, including hardware, software, laptop, etc as described in specifications	1	LS	\$37,990.00	\$37,990.00	\$24,000.00	\$24,000.00	\$33,231.00	\$33,231.00	\$29,680.00	\$29,680.00
8	Installation of AMR Meter & Single Port Transceiver Unit in Existing Meter Box	1,222	EA	\$37.60	\$45,947.20	\$38.72	\$47,315.84	\$52.00	\$63,544.00	\$50.00	\$61,100.00
9	Installation of AMR Meter, Single Port Transceiver Unit, Reseter and Pressure Regulator in Existing Meter Box	908	EA	\$42.60	\$38,680.80	\$58.09	\$52,745.72	\$60.90	\$55,297.20	\$60.00	\$54,480.00
10	Installation of Two AMR Meters & Dual Port Transceiver Unit in Existing Meter Box	285	EA	\$47.60	\$13,566.00	\$77.45	\$22,073.25	\$90.00	\$25,650.00	\$60.00	\$17,100.00
11	Installation of 1" Pressure Regulator Setting, Complete in Place	208	EA	\$350.00	\$72,800.00	\$232.35	\$48,328.80	\$278.00	\$57,824.00	\$495.00	\$102,960.00
12	Installation of 2" Pressure Regulator Setting, Complete in Place	1	EA	\$450.00	\$1,350.00	\$387.25	\$1,161.75	\$392.00	\$1,176.00	\$770.00	\$2,310.00
	Bid Totals				\$799,556.48		\$849,401.00		\$942,120.24		\$1,066,685.22

Indicates Error in Bid Calculations

This is to state that the above is an accurate tabulation of bids received on April 5, 2012 by Farmdale Water District for Contract IV - Automated Meter Reading System.

Signed: Jeff Reynolds
 Kentucky PE No. 20469



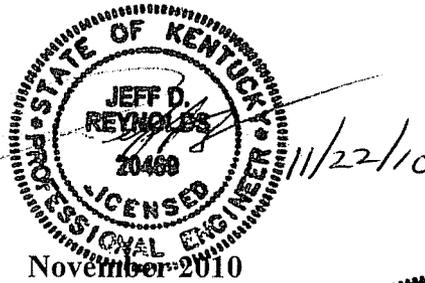
RECEIVED

MAY 14 2012

PUBLIC SERVICE
COMMISSION

PRELIMINARY ENGINEERING REPORT

WATER SYSTEM IMPROVEMENTS PROJECT
FARMDALE WATER DISTRICT
FRANKLIN COUNTY, KENTUCKY



November 2010
Revised



Prepared By:



3 HMB CIRCLE
FRANKFORT, KENTUCKY
502-695-9800
502-695-9810-FAX

TABLE OF CONTENTS

- I. Introduction
- II. Description of Water District
- III. Existing Water System
- IV. Need for Project
- V. The Proposed Project
- VI. Cost Summary
- VII. Funding
- VIII. Recommendations
- IX. Potential Add-On Road

Appendices

- Appendix A – PSC Order
- Appendix B – Project Map

I INTRODUCTION

This Preliminary Engineering Report will examine the proposed Water System Improvements Project for the Farmdale Water District. The District has been ordered by the Public Service Commission to provide a minimum of one day's water storage. Therefore, as part of this project an existing 155,000 gallon water storage tank will be replaced with a 500,000 gallon elevated tank. In order to adequately supply water the proposed tank, a booster pump station will be constructed and approximately 19,000 l.f. of small diameter A.C. and PVC water line will be upgraded to 12-inch PVC. Also, as part of this project District will be upgrading the existing water meters to a automated meter reading system.

II DESCRIPTION OF WATER DISTRICT

Farmdale Water District was created in approximately 1968. The members of the Board of Commissioners are nominated by the Judge Executive of Franklin County and must be approved by the Fiscal Court. These Commissioners transact and administer all business of the District at its office located at 100 Highwood Drive, Frankfort, Kentucky. The majority of the District's service areas is in Franklin County south of I-64. It includes Farmdale, Evergreen, Coolbrook and Huntington Woods.

III EXISTING WATER SYSTEM

Farmdale Water District provides safe potable water service to approximately 2,700 customers. The system is comprised of approximately 18 miles of water line ranging in sizes from 2 inches to 8 inches and consists of two (2) water storage tanks. The Cardwell Lane Tank is a stand pipe style tank located next to the District's office and has a capacity of 220,000 gallons. The Stewart Home Tank is also a stand pipe style tank located along Old US 127 near the Stewart Home. It has a capacity of 155,000 gallons. Both tanks are filled from two booster pump stations located on Twilight Trail. The District also has pump stations along Ninevah Road and KY 151. These pump stations are used to increase the pressure to customers in these area.

The District purchases its water from the Frankfort Plant Board through two (2)

masters. The District purchases an average of 18 million gallons per month.

IV NEED FOR PROJECT

According to the Public Service Commission's regulations, each utility must maintain a minimum water storage of one day's supply of its average daily usage. Currently, the District's average daily water usage is 600,000 gallons and its current water storage capacity is 378,000 gallons. Therefore, the District has been ordered by the Public Service Commission to take all necessary actions to bring its water storage facilities into compliance with the regulations (See Appendix A – PSC Order).

V THE PROPOSED PROJECT

In order to meet the regulations ordered by the Public Service Commission, the District proposes to replace the existing Stewart Home Tank with a 500,000 gallon elevated water storage tank. This proposed tank will provide the additional storage capacity required by the Public Service Commission and put the District in compliance with the order. This tank will also increase the pressure in the service area allowing the Ninevah pump station to be taken off line.

In order for the District to fill the proposed water storage in a timely manner, approximately 19,000 l.f. of small diameter A.C. and PVC water line will be upgraded to 12-inch PVC water line and a new 700 gpm booster pump station will be constructed (See Appendix B – Project Map).

Also, as part of this project, the District will upgrading the existing water meters to an automated meter reading system. This upgrade will allow the District to more efficiently read meters and help identify water leaks on the customer side of the meter.

VI COST SUMMARY

Table 1 summarizes the estimated construction cost for the project. Table 2 shows the estimated project cost.



Water/Wastewater
 Transportation
 Engineers
 Environmental

Project: 4114.01
 Date: 11/22/2010
 Engineer: JR
 Page:

TABLE 1

**Estimated Construction Cost
 500,000 Gallon Elevated Tank and 12-inch Water Line
 Farmdale Water District
 (Connection to FPB along Evergreen Road)**

Item	Quantity	Unit	Unit Price	Total
12" PVC Water Line	19,000	L.F.	\$22	\$418,000
12" D.I. Water Line w/Nitrile Gasket	400	L.F.	\$40	\$16,000
18" Road Bore	300	L.F.	\$125	\$37,500
18" US 127 Road Bore	175	L.F.	\$150	\$26,250
12" Gate Valve	12	EA.	\$2,000	\$24,000
Connection to FPB	1	EA.	\$5,000	\$5,000
Connection to Existing Water Line	8	EA.	\$3,000	\$24,000
Customer Reconnects (Same Side)	72	EA.	\$400	\$28,800
Customer Reconnects (Opp. Side)	62	EA.	\$450	\$27,900
Air Release Valve	3	EA.	\$1,500	\$4,500
Fire Hydrant	8	EA.	\$3,750	\$30,000
Creek Crossing	50	L.F.	\$60	\$3,000
Bit. Replacement	1200	L.F.	\$40	\$48,000
Gravel Replacement	250	L.F.	\$7	\$1,750
Master Meter	1	EA.	\$15,000	\$15,000
500,000 Gallon Elev. Tank	1	EA.	\$980,000	\$980,000
Valve Vault & Misc. Piping	1	EA.	\$30,000	\$30,000
SCADA System	1	EA.	\$75,000	\$75,000
Prefabricated Booster Pump Station	1	EA.	\$200,000	\$200,000
Control Valve w/vault	1	EA.	\$20,000	\$20,000
1" PRV for Exist. Customers	178	EA.	\$300	\$53,400
3/4" PRV for Exist. Customers	78	EA.	\$250	\$19,500
Sensus iPerl Water Meter	2700	EA.	\$109	\$294,300
Radio Read Meter, Single Port	2112	EA.	\$105	\$221,760
Radio Read Meter, Dual Port	294	EA.	\$117	\$34,398
Installation of Meter (Labor)	2700	EA.	\$40	\$108,000
Total				\$2,746,058

Note:

1. Construction estimate based on laying a 12-inch water line parallel to the existing water line along Evergreen Road to the Stewart Home Tank



Water/Wastewater
 Transportation
 Engineers
 Environmental

Project: 4114.01
 Date: 11/22/2010
 Engineer: JR
 Page: _____

TABLE 2

Estimated Project Cost
500,000 Gallon Elevated Tank and 12-inch Water Line
Farmdale Water District
(Connection to FPB along Evergreen Road)

Construction Cost Estimate			\$2,746,058
Engineering			\$330,000
	Preliminary Engineering	\$15,000	
	Design/Bidding/CA	\$201,000	
	Inspection	\$114,000	
Legal/Admin.			\$20,000
Land & Rights			\$10,000
Archaeological Survey			\$5,000
Geotechnical Survey			\$10,000
Property Survey			\$3,000
KIA Admin. (1/2%)			\$5,000
KIA Preliminary Engr.			\$5,000
Contingencies			<u>\$245,942</u>
Total Estimated Project Cost			\$3,380,000

VII FUNDING

Proposed funding for this project is being made available by the following:

TABLE 3
PROPOSED FUNDING

KIA Grant	\$992,000
KIA Grant	\$220,000
Owner Contribution	\$500,000
Rural Development Loan ⁽¹⁾	\$1,668,000
TOTAL PROJECT FUNDING	\$3,380,000

(1) 3.75% loan for 40 years with principal deferred for 2 years.

VIII RECOMMENDATIONS

It is recommended that the project be funded by Rural Development and a Letter of Conditions be issued as soon as possible.

IX POTENTIAL ADD-ON ROAD

If after completion of the initial project funds are remaining, it is Farmdale Water District's intention to upgrade an existing 6-inch A.C. water line that has had numerous leaks and has become a maintenance problem. (See Appendix B – Project Map)

Appendix A

PSC Order

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FARMDALE WATER)
DISTRICT FOR A DEVIATION FROM THE) CASE NO. 2008-00026
REQUIREMENTS OF 807 KAR 5:066,)
SECTION 4(4), REGARDING WATER STORAGE)

O R D E R

On January 17, 2008, Farmdale Water District ("Farmdale") applied for permission to deviate from 807 KAR 5:066, Section 4(4), which requires that each utility maintain minimum water storage of one day's supply of its average daily usage. Farmdale states in its application that its average daily water usage, including unaccounted-for water, is approximately 639,000 gallons, and that its current water storage capacity is 378,000 gallons. This leaves Farmdale at an average daily storage deficit of 261,000 gallons. Farmdale purchases all of its water from the Frankfort Electric & Water Plant Board.

The Commission, having reviewed the application and being otherwise sufficiently advised, finds that:

1. Farmdale is not in compliance with 807 KAR 5:066, Section 4(4).
2. Farmdale states in its application that it is planning to construct a 300,000-gallon elevated water tank that would increase its storage capacity to 678,000 gallons and eliminate its daily storage deficit. This project would be funded by either a Kentucky Infrastructure Authority grant or U.S. Department of Agriculture Rural Development loan or grant.

3. Because of the time needed to plan, finance, and construct water storage facilities, Farmdale should be allowed to comply with 807 KAR 5:066, Section 4(4), on or before January 16, 2013.

IT IS THEREFORE ORDERED that:

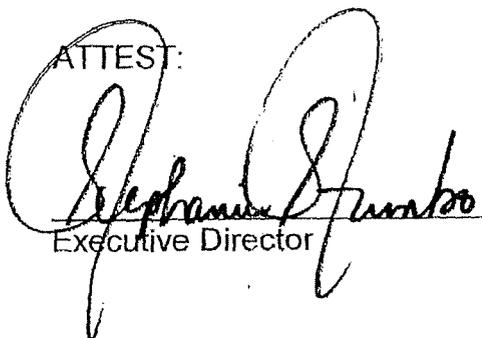
1. Farmdale shall comply with the provisions of 807 KAR 5:066, Section 4(4), no later than January 16, 2013.

2. Farmdale shall take all necessary actions to bring its water storage facilities into compliance with Commission regulations prior to January 16, 2013.

Done at Frankfort, Kentucky, this 12th day of June, 2008.

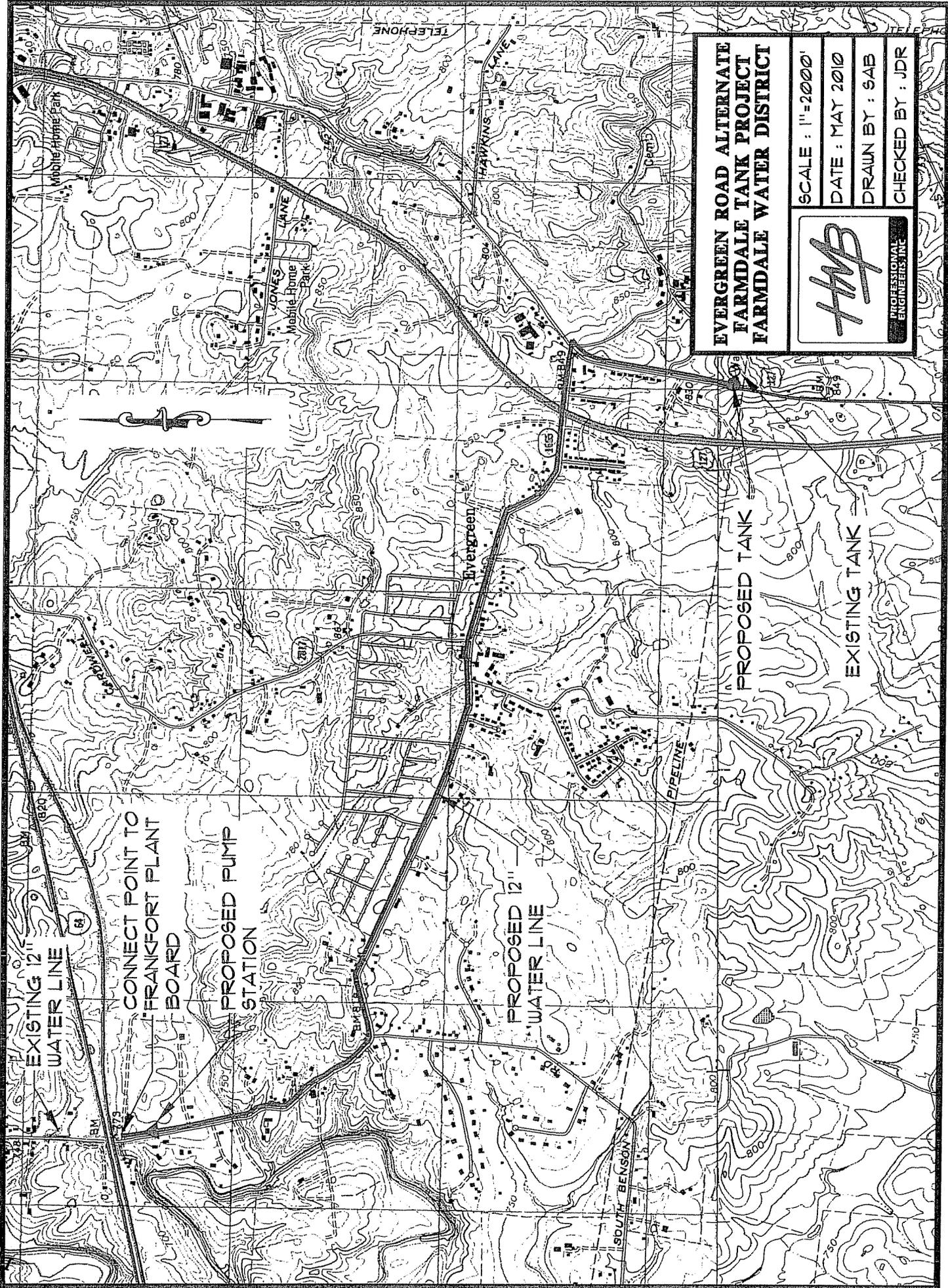
By the Commission

ATTEST:


Executive Director

Appendix B

Project Maps



**EVERGREEN ROAD ALTERNATE
FARMDALE TANK PROJECT
FARMDALE WATER DISTRICT**

SCALE : 1" = 2000'
 DATE : MAY 2010
 DRAWN BY : SAB
 CHECKED BY : JDR



EXISTING 12" WATER LINE

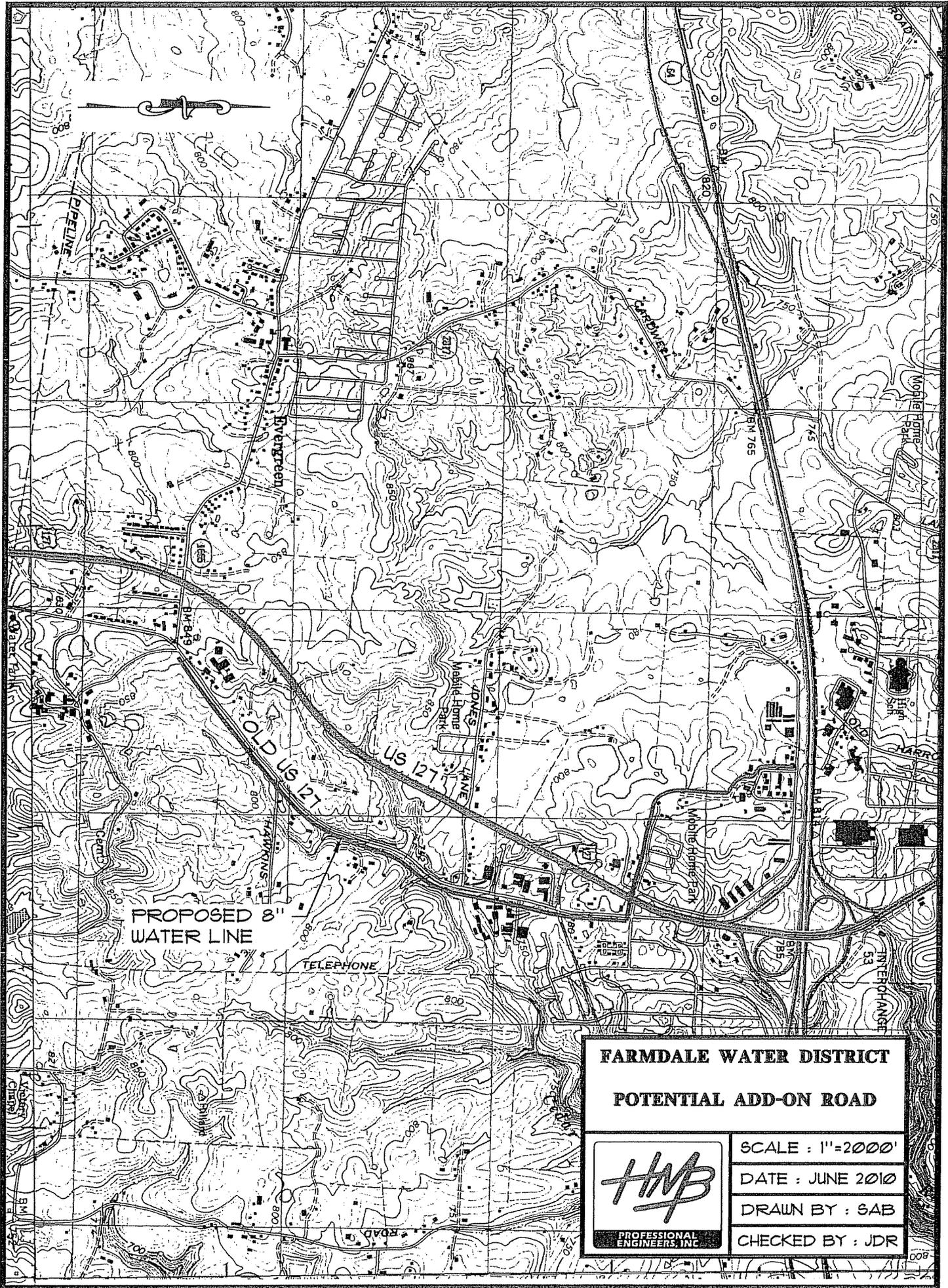
CONNECT POINT TO FRANKFORT PLANT BOARD

PROPOSED PUMP STATION

PROPOSED 12" WATER LINE

PROPOSED TANK

EXISTING TANK



PROPOSED 8"
WATER LINE

TELEPHONE

FARMDALE WATER DISTRICT
POTENTIAL ADD-ON ROAD



SCALE : 1"=2000'

DATE : JUNE 2010

DRAWN BY : SAB

CHECKED BY : JDR

RECEIVED

MAY 14 2012

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE)
FARMDALE WATER DISTRICT)
FOR A CERTIFICATE OF PUBLIC) NO. 2012 - _____
CONVENIENCE AND NECESSITY TO)
CONSTRUCT, FINANCE AND INCREASE)
RATES PURSUANT TO KRS 278.023.)

APPLICATION

This Application of the Farmdale Water District ("Applicant") of Franklin County, Kentucky, respectfully shows:

1. That Applicant is a water district of Franklin County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Farmdale Water District
c/o Mr. Clifford Toles, Chairman
100 Highwood Drive
Frankfort, Kentucky 40601

3. That Applicant, pursuant to the provisions of KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of Applicant; (ii) an Order approving increased rates; and (iii) approval of the proposed plan of financing said Project.

4. That the project consists of the construction and installation of (i) approximately 20,000 linear feet of 12-inch water main and appurtenances; (ii) a 500,000 gallon elevated water storage tank with SCADA system; (iii) a new 1,200 gpm booster pump station; and (iv) a complete automated meter reading system along with new meters.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of its Waterworks Revenue Bonds in the aggregate principal amount of \$1,858,000, consisting of \$1,668,000 of Series A Bonds and \$190,000 of Series B Bonds, (ii) a Kentucky Infrastructure Authority ("KIA") grant in the amount of \$1,212,000; and (iii) an Applicant

contribution in the amount of \$500,000. Applicant has a commitment from USDA, Rural Development ("RD") to purchase said \$1,858,000 of bonds maturing over a 40-year period, at an interest rate of not to exceed 4.25% per annum as to the Series A Bonds and 3.375% per annum as to the Series B Bonds, as set out in the RD Letter of Conditions, as amended, filed herewith.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

EXHIBIT A. Copy of RD Letter of Conditions, as amended.

EXHIBIT B. Copy of RD Letter of Concurrence in Bid Award.

EXHIBIT C. Certified statement from the Chairman of Applicant, based upon statements of the Engineers for Applicant, concerning the following:

- (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3) and (4); Section 5 (1); Sections 6 and 7; Section 8 (1) through (3); Section 9 (1) and Section 10;
- (2) All other state approvals or permits have already been obtained;
- (3) The proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
- (4) Setting out the estimated dates when construction will begin and end.

Applicant also files herewith two (2) copies of Preliminary and Final Engineering Reports.

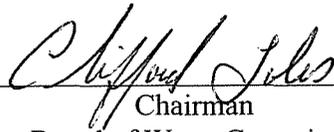
8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Change pursuant to Section 2 of 807 KAR 5:069, in the *Frankfort State Journal*, which is the newspaper of general circulation in Applicant's service area and in Franklin County, Kentucky. Said Notice sets out the current rates and the proposed rates of Applicant and a short description of the Project. A copy of said Notice is filed herewith as **EXHIBIT D.**

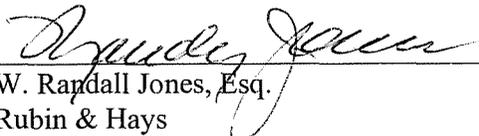
9. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 1.

WHEREFORE, Applicant, the Farmdale Water District asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., (i) the issuance of Farmdale Water District Waterworks Revenue Bonds in the aggregate principal amount of \$1,858,000, consisting of \$1,668,000 of Series A Bonds and \$190,000 of Series B Bonds, at an interest rate of not to exceed 4.25% per annum as to the Series A Bonds and 3.375% as to the Series B Bonds; (ii) a KIA grant in the amount of \$1,212,000; and (iii) an Applicant contribution in the amount of \$500,000.
- c. An Order approving the proposed increased rates as set out in Section 27 of the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

Farmdale Water District

By: 
Chairman
Board of Water Commissioners


W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525



United States Department of Agriculture
Rural Development
Kentucky State Office

March 8, 2011

Clifford Toles, Chairman
Farmdale Water District
100 Highwood Drive
Frankfort, Kentucky 40601

Dear Mr. Toles:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,668,000; a Kentucky Infrastructure Authority grant in the amount of \$1,212,000; and an applicant cash contribution in the amount of \$500,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 210 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7336 • Fax: (859) 224-7444 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)

1. Number of Users and Their Contribution:

There shall be 2,587 water users, of which all are existing users. **The** Area Director will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids.

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Bond. Principal payment will not be deferred for a period in excess of two years from the date of the Bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

4. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$750 per month into a "Funded Debt Reserve Account" until the account reaches \$89,500. The deposits are to be resumed any time the account falls below the \$89,500.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of \$250 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system.

5. Security Requirements:

A pledge of gross water revenues will be provided in the Bond Resolution.

6. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

The District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

8. Business Operations:

The District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the District after review by Rural Development. At no later than loan pre-closing, the District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) /statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780.

The enclosed audit booklet will be used as a guide for preparation of audits. The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

10. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.

- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$89,500.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

12. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "21" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

13. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

15. Compliance with Special Laws and Regulations:

The District will be required to conform to any and all state and local laws and regulations affecting this type project.

16. System Operator:

The District is reminded that the system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

18. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the District will apply for and accept such loan in sufficient amount to repay the Government.

19. Commercial Interim Financing:

The District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

20. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

For each "construction account" as established, if the amount of RUS loan funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$250,000 at any time, the financial institution will secure the amount in excess of \$250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Borrowers receiving federal loan funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

Monthly audits of the District's construction account records shall be made by Rural Development.

21. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,746,058
Land and Rights	10,000
Legal and Administrative	25,000
Engineering	330,000
Interest	23,000
Contingencies	<u>245,942</u>
TOTAL	\$ 3,380,000

Financing:

RUS Loan		\$ 1,668,000
KIA Grant		1,212,000
Applicant Contribution		<u>500,000</u>
	TOTAL	\$ 3,380,000

22. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the KIA Grant in the amount of \$1,212,000.

23. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended.

24. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

25. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

Residential and Commercial Consumers:

5/8" Meter

First	2,000	gallons @ \$	12.50. - Minimum Bill.
Next	3,000	gallons @ \$	3.35. - per 1,000 gallons.
Next	5,000	gallons @ \$	2.85. - per 1,000 gallons.
All Over	10,000	gallons @ \$	2.65. - per 1,000 gallons.

1" Meter

First	7,000	gallons @ \$	28.25. - Minimum Bill.
Next	3,000	gallons @ \$	2.85. - per 1,000 gallons.
Next	140,000	gallons @ \$	2.65. - per 1,000 gallons.
All Over	150,000	gallons @ \$	2.40. - per 1,000 gallons.

Commercial Consumers (Stewart Home)

First	7,000	gallons @ \$	28.25. - Minimum Bill.
Next	3,000	gallons @ \$	2.85. - per 1,000 gallons.
Next	140,000	gallons @ \$	2.65. - per 1,000 gallons.
All Over	150,000	gallons @ \$	2.40. - per 1,000 gallons.

Industrial Consumers/Trailer Parks

First	7,000	gallons @ \$	28.25. - Minimum Bill.
Next	3,000	gallons @ \$	2.85. - per 1,000 gallons.
Next	140,000	gallons @ \$	2.65. - per 1,000 gallons.
All Over	150,000	gallons @ \$	2.40. - per 1,000 gallons.

26. Water Purchase Contract:

The District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

27. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

28. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

29. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated August 12, 2010, from Ms. Lee Nalley.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated June 25, 2010, and signed by Virgil Lee Andrews, Jr., Field Supervisor.

- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- E. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- F. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

30. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,


THOMAS G. FERN
State Director

Enclosures

cc: Area Director - Shelbyville, Kentucky
Bluegrass ADD - Lexington, Kentucky
Rubin & Hays - Louisville, Kentucky
Jim Boyd - Frankfort, Kentucky
HMB Professional Engineers - Frankfort, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky



United States Department of Agriculture
Rural Development
Kentucky State Office

May 1, 2012

Clifford Toles, Chairman
Farmdale Water District
100 Highwood Road
Frankfort, Kentucky 40601

Re: Letter of Conditions Dated March 8, 2011

Dear Mr. Toles:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated March 8, 2011. The purpose of this amendment is to revise:

- 1) Total cost of proposed project
- 2) Project funding
- 3) Fidelity Bond
- 4) Revise the rates and charges

The Second Paragraph on Page 1 is revised to read as follows:

“ This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of an original RUS loan not to exceed \$1,668,000, a subsequent RUS loan not to exceed \$190,000, and a Kentucky Infrastructure Authority (KIA) grant of \$1,212,000, and an applicant cash contribution of \$500,000. ”

Paragraph numbered “4” is revised to read as follows:

“ 4. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$750 per month for the original loan and \$75 per month for the subsequent loan into a "Funded Debt Reserve Account" until the account reaches \$98,500. The deposits are to be resumed any time the account falls below the 98,500.

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7336 • Fax: (859) 224-7344 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of \$250 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system. ”

Paragraph numbered “11” is revised to read as follows:

“ 11. Insurance and Bonding:

The following insurance and bonding will be required:

- C. Fidelity Bond – The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$98,500. ”

Paragraph numbered “21” is revised to read as follows:

“ 21. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,987,005
Land and Rights	5,000
Legal and Administrative	25,000
Engineering	350,395
Interest	23,000
Contingencies	<u>179,600</u>
TOTAL	\$ 3,570,000

Financing:

RUS Loan	\$ 1,668,000
RUS Loan	190,000
KIA Grant	1,212,000
Applicant Contribution	<u>500,000</u>
TOTAL	\$ 3,570,000 ”

Paragraph numbered "27" is revised to read as follows:

" 27. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

Residential and Commercial Consumers:

5/8" Meter

First	2,000	gallons @ \$	12.82. - Minimum Bill.
Next	3,000	gallons @ \$	3.35. - per 1,000 gallons.
Next	5,000	gallons @ \$	2.85. - per 1,000 gallons.
All Over	10,000	gallons @ \$	2.65. - per 1,000 gallons.

1" Meter

First	7,000	gallons @ \$	28.57. - Minimum Bill.
Next	3,000	gallons @ \$	2.85. - per 1,000 gallons.
Next	140,000	gallons @ \$	2.65. - per 1,000 gallons.
All Over	150,000	gallons @ \$	2.40. - per 1,000 gallons.

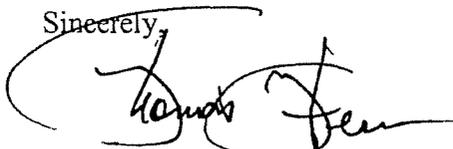
Commercial Consumers (Stewart Home)

First	7,000	gallons @ \$	28.57. - Minimum Bill.
Next	3,000	gallons @ \$	2.85. - per 1,000 gallons.
Next	140,000	gallons @ \$	2.65. - per 1,000 gallons.
All Over	150,000	gallons @ \$	2.40. - per 1,000 gallons.

Industrial Consumers/Trailer Parks

First	7,000	gallons @ \$	28.57. - Minimum Bill.
Next	3,000	gallons @ \$	2.85. - per 1,000 gallons.
Next	140,000	gallons @ \$	2.65. - per 1,000 gallons.
All Over	150,000	gallons @ \$	2.40. - per 1,000 gallons."

Sincerely,



THOMAS G. FERN
State Director

- cc: Area Director - Shelbyville, Kentucky
- Bluegrass ADD - Lexington, Kentucky
- Rubin & Hays - Louisville, Kentucky
- Jim Boyd - Frankfort, Kentucky

HMB Professional Engineers - Frankfort, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky



United States Department of Agriculture
Rural Development
Shelbyville Area Office

May 10, 2012

SUBJECT: Farmdale Water District
Water System Improvements
Contract Award Concurrence

TO: Area Office
Shelbyville, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of the subject contact to the low bidder on Contract 1, B.P Pipeline, Inc., in the amount of \$1,076,494.00 with a reducing change order being executed to bring the contract within available project funds with a new construction amount of \$1,088,994.00. Rural Development concurs in the award of the subject contract on the low bidder on Contract 2, Caldwell Tanks, Inc., in the amount of \$941,000.00. Rural Development concurs in the award of the subject contract to the low bidder on Contract 3, HTI, in the amount of \$84,490.00. Rural Development concurs in the award of the subject contract to the selected bidder on Contract 4, C.I. Thornburg. Shop drawings requested by the project engineer indicated that the only bidder that met the contract specifications was C.I. Thornburg and determined that they were the most responsive and responsible, therefore, although not the lowest, they were recommended award of the contract in the amount of \$1,056,685.26 with a reducing change order being executed to bring the contract within available project funds with a new construction amount of \$952,520.97. Local Counsel has determined that all applicable laws and regulations have been met.

If you have any further questions or comments, please contact Julie Anderson at 859-224-7336.


THOMAS G. FERN
State Director
Rural Development

Cc: HMB Engineers

Randy Jones

90 Howard Drive • Suite 3 • Shelbyville, KY 40065
Phone: (502) 633-3294 • Fax: (502) 633-0552 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

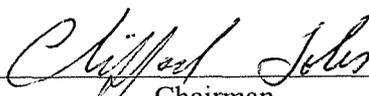
**CERTIFICATE OF CHAIRMAN OF THE FARMDALE WATER
DISTRICT, AS TO STATEMENT REQUIRED
BY SECTION 1(5) OF 807 KAR 5:069**

I, Clifford Toles, hereby certify that I am the duly qualified and acting Chairman of the Farmdale Water District, and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the District (the "Project"), in cooperation with HMB Professional Engineers, Inc., Frankfort, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers for the District, I hereby certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the rates proposed by the District in its current Application filed with the Public Service Commission of Kentucky are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about July 11, 2012, and will end on or about July 10, 2013.

IN TESTIMONY WHEREOF, witness my signature this May 8, 2012.



Chairman
Farmdale Water District

STATE OF KENTUCKY)
) SS
COUNTY OF FRANKLIN)

Subscribed and sworn to before me by Clifford Toles, Chairman of the Board of Commissioners of the Farmdale Water District, on this May 8, 2012.



Notary Public
In and For Said State and County

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set out in 807 KAR 5:069, Section 2, notice is hereby given to the customers of the Farmdale Water District of a change to the District's rate schedule as set forth herein. The proposed rate change is required by USDA, Rural Development in connection with a loan by RD to the District in the amount of \$1,858,000 to be evidenced by the issuance by the District of its Waterworks Revenue Bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising its water rates as set forth below:

Current Monthly Rates

Residential and Commercial Consumers
(other than Trailer Parks)

5/8"X 3/4" Meter:

First 2,000 gallons	\$9.56 per 1,000 gallons (minimum)
Next 3,000 gallons	3.28 per 1,000 gallons
Next 5,000 gallons	2.78 per 1,000 gallons
All over 10,000 gallons	2.58 per 1,000 gallons

1" Meter:

First 7,000 gallons	\$24.96 per 1,000 gallons (minimum)
Next 3,000 gallons	2.78 per 1,000 gallons
Next 140,000 gallons	2.58 per 1,000 gallons
All over 150,000 gallons	2.33 per 1,000 gallons

Industrial Consumers/Trailer Parks:

First 7,000 gallons	\$24.96 per 1,000 gallons
Next 3,000 gallons	2.78 per 1,000 gallons
Next 140,000 gallons	2.58 per 1,000 gallons
All over 150,000 gallons	2.33 per 1,000 gallons

Commercial Consumers (Stewart Home):

First 7,000 gallons	\$24.96 per 1,000 gallons
Next 3,000 gallons	2.78 per 1,000 gallons
Next 140,000 gallons	2.58 per 1,000 gallons
All over 150,000 gallons	2.33 per 1,000 gallons

Proposed Monthly Rates

Residential and Commercial Consumers (other than Trailer Parks)

5/8"X 3/4" Meter:

First 2,000 gallons	\$12.82 per 1,000 gallons (minimum)
Next 3,000 gallons	3.35 per 1,000 gallons
Next 5,000 gallons	2.85 per 1,000 gallons
All over 10,000 gallons	2.65 per 1,000 gallons

1" Meter:

First 7,000 gallons	\$28.57 per 1,000 gallons (minimum)
Next 3,000 gallons	2.85 per 1,000 gallons
Next 140,000 gallons	2.65 per 1,000 gallons
All over 150,000 gallons	2.40 per 1,000 gallons

Industrial Consumers/Trailer Parks:

First 7,000 gallons	\$28.57 per 1,000 gallons
Next 3,000 gallons	2.85 per 1,000 gallons
Next 140,000 gallons	2.65 per 1,000 gallons
All over 150,000 gallons	2.40 per 1,000 gallons

Commercial Consumers (Stewart Home):

First 7,000 gallons	\$28.57 per 1,000 gallons
Next 3,000 gallons	2.85 per 1,000 gallons
Next 140,000 gallons	2.65 per 1,000 gallons
All over 150,000 gallons	2.40 per 1,000 gallons

The RD loan proceeds will be used in conjunction with a KIA grant in the amount of \$1,212,000 and a District contribution in the amount of \$500,000 to finance the construction and installation of (i) approximately 20,000 linear feet of 12-inch water main and appurtenances; (ii) a 500,000 gallon elevated water storage tank with SCADA system; (iii) a new 1,200 gpm booster pump station; and (iv) a complete automated meter reading system along with new meters. Signed: Clifford Toles, Chairman, Farmdale Water District.